

banks of Victoria alone increased their aggregate liabilities from £19,488,512 in 1880, to £42,224,084 in 1890, while the aggregate assets increased from £23,284,822, including £\$, -408,961 in coin, to £60,937,955, including £6,868,328 in coin.¹ The proof of the activity and of the risks assumed in Australian banking is afforded by the proportion between available deposits and the discounts and advances made just before the crisis of 1893. The following table shows how the Australian banks loaned "up to the hilt" in comparison with the more conservative English banks^a:

Relation of Deposits to Loans.

	DEPOSITS.	DISCOUNTS AND ADVANCEMENTS
London Joint Stock Banks . . .	£232,332,633	£148,042,304
English Provincial Banks	£62,272,817	46,856,402
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The proof that the evils which carried down fourteen great "banks and closed several hundred branches in the spring of 1893, grew purely out of bad banking, and had substantially no connection with the note issues, is afforded by the comparatively small figures of the circulation. The banks of Victoria increased their note circulation only from £1,236,046, in 1880, to £1,543,340 in 1890, and in 1893 was substantially the same. The chief medium of circulation in Australia was gold, and the Australian people were so well accustomed to British methods of the use of credit that the absence or presence of the power of note issue would probably have made little difference in the crisis of 1893. The inflation of credit and the crisis occurred without any great expansion of note issues, and if the habits of the people had required a concurrent expansion it would have been only an incident of the deeper causes of the crash. As M. Levy sums up the situation ^a :

¹ London *Bankers' Magazine*, April, 1892, LIU., 580.

² *Ibid.* January, 1893, LV., 46.

³ 31 *Manges Financiers* 239.